

Message Text

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44

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

NSC-05 SS-15 STR-01 CEA-01 L-02 H-01 PA-01 PRS-01

USIA-06 /108 W

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P R 101328Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7152

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY THE HAGUE

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY NOUAKCHOTT

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT OF SPAIN

AMEMBASSY DOHA

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY STOCKHOLM

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AMEMBASSY TEHRAN

AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS

C O N F I D E N T I A L LONDON 00399

DPARTMENT PASS TREASURY, FRB

E.O. 11652: GDS
TAGS: EFIN, UK
SUBJECT: U.S. TRUST FUND PROPOSALS AND THE JANUARY 17
DEVELOPMENT COMMITTEE MEETING; U.K. VIEWS

REF: STATE 4030; LONDON 362 (NOTAL)

1. FOLLOWING UP ON EARLIER CONVERSATION, RICHARD KING, PERMANENT SECRETARY, ODM, CALLED FINANCIAL ATTACHE TO RELATE OVERALL POSITION THAT ODM AND U.K. TREASURY WILL RECOMMEND TO RESPECTIVE MINISTERS CONCERNING U.S. TRUST FUND PROPOSALS AND MORE GENERAL CONSIDERATIONS UNDERLYING THEM.

A) THE U.K. WILL BE VERY HAPPY TO CONSIDER U.S. TRUST FUND PROPOSAL AS A MAIN ITEM ON THE AGENDA OF THE DEVELOPMENT COMMITTEE MEETING ON JANUARY 17.

B) IT AGREES TO SETTING UP WORKING GROUP AS PROPOSED BY U.S. DEPENDING ON LEVEL OF REPRESENTATION, KING OR ANOTHER ODM OFFICIAL WILL PROBABLY BE THE U.K. MEMBER.

C) THE U.K.'S MAIN CONSIDERATION IS TO OBTAIN MAXIMUM CONCESSIONAL FUNDS FOR MSAS IN 1975. THERE WILL BE A LARGE GAP TO FILL UNDER ANY FORM OF ANALYSIS.

D) THE U.K. WOULD CONSIDER A CONTRIBUTION FROM ITS OWN AID FUNDS IF OTHER OECD MEMBERS WOULD DO THE SAME IN ORDER TO OBTAIN MORE MATCHING FUNDS.

E) A MAJOR AIM IS MAXIMUM CONCESSIONALITY. THE U.K. CONSIDERS THAT THE TERMS IN THE S.Y. CROSS DECEMBER 20 PRESENTATION ARE TOO HARD.

F) THE CRITERIA FOR DISTRIBUTING THE FUNDS WILL BE VERY IMPORTANT. DISTRIBUTION SHOULD BE ON THE BASIS OF AID CRITERIA, I.E., POVERTY AND NEED, RATHER THAN IMF BALANCE OF PAYMENTS CRITERIA. THE U.K. DOUBTS THAT THE IMF

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IS THE RIGHT PLACE FOR THIS FUNCTION TO BE LOCATED.

G) SPEED IS ESSENTIAL. IF WHATEVER FACILITY IS CONSIDERED CANNOT BE ORGANIZED TO DISPENSE FUNDS IN 1975 IT MAY BE NECESSARY TO LOOK TO ALREADY EXISTING VEHICLES AND INSTITUTIONS.

2. KING AGAIN ASKED IF THE U.S. INTENDED TO MAKE A CONTRIBUTION. HE EMPHASIZED THAT THE ABOVE ELABORATION IS

THE POSITION THAT SENIOR U.K. CIVIL SERVANTS WILL BE RECOMMENDING TO MINISTERS; HE EXPECTS THAT MINISTERS WILL ACCEPT IT. AS NOTED IN EARLIER MESSAGE, IT DOES APPEAR THAT ODM IS IN THE LEAD ON THIS ISSUE WITHIN U.K. HIERARCHY, WITH U.K. POSITION REFLECTING ODM PHILOSOPHY AND VIEWS. ATTEMPTS TO CHANGE U.K. POSITION MIGHT BE MADE IN WASHINGTON BY SENIOR U.S. OFFICIALS IN BILATERAL DISCUSSIONS WITH SIR DEREK MITCHELL AND CHANCELLOR HEALEY. AS PREVIOUSLY REPORTED, HEALEY'S OFFICE HAS PROMISED HE WILL BE BRIEFED ON WRITTEN SUMMARY OF U.S. PROPOSAL THAT WE PREPARED FOR HIM, WHICH INCLUDES COPY OF S.Y. CROSS DECEMBER 20 STATEMENT AT IMF.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, TRUST FUNDS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON00399
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750010-0628
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750162/aaaaccpx.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 4030, 75 LONDON 362
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by MartinML>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. TRUST FUND PROPOSALS AND THE JANUARY 17 DEVELOPMENT COMMITTEE MEETING; U.K. VIEWS
TAGS: EFIN, UK, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006